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SUBJECT: DPRK SANCTIONS COMMITTEE DESIGNATES GOODS, ENTITIES

Classified By: Amb. Alex Wolff for Reasons 1.4 (B), (D)

[¶1.](#) (C) SUMMARY: The DPRK Sanctions Committee ("1718 Committee") agreed on April 24 to designate explicitly three high-value entities to be subject to targeted sanctions and to update a technical list of items to be banned from transfer to/from the DPRK. By completing this task, the Committee succeeded in meeting the Security Council's request to adjust sanctions measures in light of the DPRK's April 5 missile launch. On April 23, Russia and China told USUN they were prepared to support designating the three entities. On this basis, USUN presented a carefully-worded designation proposal to the Committee that would designate the entities (and also, by extension, their subsidiaries) and update the list of banned items. Japan initially refused to join consensus, suggesting that this package was an insufficiently strong Committee response, and then wrangled the next day with China and Russia over language in the Committee's final report to the Security Council. Japan eventually relented, allowing the Committee to designate the entities and update the technical list by the April 24 deadline requested by the Security Council. END SUMMARY.

#### A CONSENSUS DEVELOPS

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[¶2.](#) (C) Over the course of April 23-24, the UN Security Council's DPRK Sanctions Committee ("1718 Committee") achieved consensus on designating three DPRK entities to be subject to an asset freeze and to update a lengthy technical annex of items to be banned from transfer to/from the DPRK. (NOTE: On April 13, the Security Council responded to the DPRK missile launch by adopting a Presidential Statement that asked the Committee to designate goods and entities and to report on its efforts by April 24. END NOTE). On April 23, the Russian and Chinese missions told USUN that they were prepared to support designating three of the eleven entities proposed by the United States: the Korea Mining Development Trading Corporation (KOMID), Tanchon Commercial Bank and Korea Ryonbong General Corporation. The Chinese and Russian missions also reconfirmed their agreement to update the list of items banned under UNSCR 1718 for transfer to/from DPRK with the latest Missile Technology Control Regime (MTCR) Annex of prohibited goods.

[¶3.](#) (C) On the basis of these discussions, USUN subsequently drafted a formal proposal for the Committee to designate the three entities and update the MTCR Annex. This proposal was drafted in a way that also covered the eight remaining U.S.-proposed entities, which were subsidiaries of the three designated entities. (NOTE: Per UNSCR 1718, a designation covers both the entities explicitly designated as well as "persons or entities acting on their behalf or at their direction." The resolution also mandates the freezing of any assets "are owned or controlled, directly or indirectly" by designated entities. END NOTE). USUN worked with the chair to circulate this proposal to the Committee.

[¶4.](#) (C) On April 23, USUN Sanctions Unit chief reiterated the U.S. insistence that the Committee approve a serious and credible package of designations no later than the April 24

deadline. The United States, he said, stood behind its original proposal to the committee (11 entities, updating the MTCR annex, plus banning the transfer of seven additional technical items). Any credible package, he added, must include at a minimum the three high-value entities (KOMID, Ryonbong and Tanchon) and updating the MTCR Annex. Russian and Chinese delegates told the Committee they were able to agree to such a package. Delegates from Libya and Vietnam, who had previously expressed concerns, agreed not to block consensus on such a package.

¶4. (C) The Japanese delegate, however, refused to join consensus. While welcoming the progress, he said that he would need to seek final instructions from Tokyo and was unsure whether his capital would consider the package on the table -- the three entities, plus MTCR Annex update -- a sufficiently strong response. The Japanese delegate added that Japan would insist on language in the Committee's report saying that the Committee would continue to review all proposals on the table. (NOTE: In private, the Japanese delegate explained that this language was important to justify to domestic audience that the Committee was still considering a number of entities proposed by Japan. END NOTE).

¶5. (C) The French delegate also proposed that the final designation package be accompanied by publicly releasable information justifying the designation. Citing European court cases challenging the legality of targeted sanctions, he said releasing such information was a "best practice" followed in other sanctions committees and was an important transparency measure. USUN, as well as the UK and Libyan delegates, supported this proposal, while the Chinese delegate reacted cautiously.

¶6. (C) USUN assisted the chair in drafting a final Committee report to the Security Council. Most delegations preferred a minimalist report that would only inform the Council of the actions taken in response to the Council's April 13 Presidential Statement. Citing this preference for a minimalist report, the Chinese delegate insisted on bracketing Japanese-proposed language saying that the Committee would continue to examine proposals further.

#### APRIL 24: THE ENDGAME

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¶7. (C) On April 24, the Committee held a final meeting to review the designation package (the three entities and updating the MTCR Annex) and the final report to the Security Council. The Japanese delegate, explaining that he was under fresh instructions from Tokyo, continued to insist on language in the report signaling the Committee would continue to review outstanding proposals. The Chinese delegate said this was unacceptable. The Committee deliberated on these points for several hours. The Chinese delegate told USUN privately that Chinese Perm Rep Zhang felt that China had already compromised enough in this process and was therefore refusing to take the phone calls of Japanese Perm Rep Takasu to discuss this matter. USUN warned the Japanese delegation that Japan's inflexible position risked jeopardizing the whole deal.

¶8. (C) As the discussion continued, the Russian delegate announced that in light of FM Lavrov's statements in Pyongyang earlier that day, Russia would not be able to accept any forward-leaning language in the text. In light of this hardening Russian position and the firm position the Chinese, the Japanese delegate eventually agreed to accept a watered-down formula in the report of "The Committee will continue to undertake its tasks as mandated in paragraph 12 of resolution (2006)." The Chinese and Russian delegates acceded to European request to include publicly releasable information justifying the designation. Experts developed brief, one-sentence descriptions of the three entities based on language provided by the United States.

¶9. (C) Late in the day on April 24, the Committee met again

to designate formally the three entities and update the MTCR Annex. The Japanese delegate explained that Japan hoped the Committee would continue deliberations on the other proposals on the table. The Committee approved U.S.-drafted talking points for Ilkin to use in announcing the designations to the press waiting outside the Committee chamber.

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